Data Breaches and the Private Credit Market: Post-Breach Considerations: Part 2

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As bad cyber actors become more sophisticated and financial implications of a breach increase, it is critical for stakeholders to consider potential ripple effects on their investment. In the private debt market, it is even more important to consider these impacts given the potentially material costs associated with a data breach, and a primary concern for lenders is that a borrower will expend capital addressing such liabilities that could otherwise be used to service their debt and/or to grow the enterprise. A diversion of funds and increased liabilities on the balance sheet of a borrower could result in financial defaults under a company's credit documents, creating risk of another type.

In this article series, partners Ryan P. Blaney, Bharat Moudgil and Evan Palenschat discuss considerations to prevent and mitigate the effects of a borrower's cyber incident. Part one discussed the cost of breaches, why vigilance is urgent and proactive steps to take to assess a borrower's preparedness. This second part covers how to prepare for and address a borrower's breach.

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